

Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

StockKings Capital LLC ([CRD #164445](#), New York, New York) and Gregory Antonius Lewis ([CRD #2793976](#), St. Petersburg, Florida)

March 11, 2022 – An Order Accepting Offer of Settlement was issued in which the firm was censured and fined \$100,000, of which \$85,000 is to be paid jointly and severally with Lewis. Lewis was also suspended from association with any FINRA member in all capacities for seven months. Without admitting or denying the allegations, the firm and Lewis consented to the sanctions and to the entry of findings that they created and transmitted investment materials that made false, exaggerated, misleading, promissory, and unwarranted claims about a platform they were purportedly developing. The findings stated that the firm and Lewis falsely claimed they had received a patent, overstated the progress that had been made toward bringing the platform to market, falsely claimed the platform was stalled due to a FINRA materiality consultation, and made baseless and unwarranted valuation claims and revenue projections. The findings also stated that Lewis used over \$42,000 of the firm's funds to pay for personal expenses. Lewis directed the firm's Financial and Operations Principal (FINOP) to misclassify those expenses as business expenses of the firm. As a result, Lewis caused the firm to maintain inaccurate books and records, which were in turn used to create Financial and Operational Combined Uniform Single (FOCUS) reports that inaccurately understated Lewis's compensation and overstated the firm's expenses. The findings also included that the firm failed to provide written disclosures in private placement offerings. The firm failed to make all of the required disclosures with respect to the intended use of proceeds, offering expenses, and the amount of selling compensation to be paid in its offering documents and, relatedly, failed to timely file offering documents with FINRA for two separate member private offerings.

The suspension is in effect from April 4, 2022, through November 3, 2022. ([FINRA Case #2019060648701](#))

Vorpahl Wing Securities Inc. ([CRD #47548](#), Spokane, Washington) and Tim James Vorpahl ([CRD #1457312](#), Spokane, Washington)

March 11, 2022 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured, fined \$25,000, and ordered to pay \$35,223.82, plus interest, in restitution to customers. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Tim Vorpahl was fined \$7,500, suspended from association with any FINRA member in any principal capacity for three

Reported for May 2022

FINRA has taken disciplinary actions against the following firms and individuals for violations of FINRA rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB).

Search for FINRA Disciplinary Actions

All formal disciplinary actions are made available through a publicly accessible online search tool called FINRA Disciplinary Actions Online shortly after they are finalized.

Visit www.finra.org/disciplinaryactions to search for cases using key words or phrases, specified date ranges or other criteria.

months and required to satisfactorily complete 20 hours of continuing education concerning supervisory responsibilities, including supervision relating to suitability and excessive trading. Without admitting or denying the findings, the firm and Tim Vorpahl consented to the sanctions and to the entry of findings that they failed to establish, maintain, and enforce a supervisory system and written supervisory procedures (WSPs), reasonably designed to achieve compliance with FINRA rules regarding suitability and excessive trading. The findings stated that the firm and Tim Vorpahl failed to establish WSPs reasonably designed to specify how Tim Vorpahl, the firm's designated supervisory principal responsible for conducting suitability reviews for the firm's registered representatives, should review transactions in customer accounts for potentially unsuitable and excessive trading. The findings also stated that the firm and Tim Vorpahl failed to reasonably supervise a former representative who recommended quantitatively unsuitable and excessive trading in two retired customers' accounts. Tim Vorpahl identified red flags indicating that the former representative was recommending unsuitable and excessive trading in the customers' accounts but failed to reasonably respond to the red flags. While Tim Vorpahl sent certain form letters to customers, the letters did not reflect that the customers' accounts were being excessively traded, nor did the letters quantify the number of trades or the costs incurred as a result of the former representative's trading. As a result of the former representative's unsuitable and excessive trading, the customers collectively paid \$35,223.82 in commissions and other costs.

The suspension is in effect from April 4, 2022, through July 3, 2022. ([FINRA Case #2020065149802](#))

Firms Fined

Aegis Investments, Inc. ([CRD #16033](#), St. Louis Park, Minnesota)

March 11, 2022 – An AWC was issued in which the firm was censured and fined \$7,500. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to conduct annual independent testing of its anti-money laundering (AML) compliance program. The findings stated that although the firm conducted quarterly testing of its AML compliance program, the test was performed by a registered representative who was supervised by, and reported to, the firm's AML Compliance Officer and therefore was not independent as required. The firm also failed to conduct a risk-based review of its AML program and its compliance with the Bank Secrecy Act because the testing focused on reviewing transactions for unusual activity and did not evaluate the firm's written AML procedures or compliance program. ([FINRA Case #2021069363301](#))

Crown Capital Securities, L.P. ([CRD #6312](#), Orange, California)

March 11, 2022 – An AWC was issued in which the firm was censured, fined \$75,000, and required to certify that all of its commission and payment arrangements, including but not limited to those paid in connection with any networking agreements, comply with FINRA Rule 2040. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it paid approximately \$19.3 million in transaction-based compensation earned by its registered representatives to unregistered entities. The findings stated that the unregistered entities were corporations and limited liability companies created by the firm's representatives to serve as doing business as names for their securities businesses and were disclosed and approved outside business activities (OBAs). The firm made payments to the unregistered entities instead of paying commissions directly to the representatives. ([FINRA Case #2020068109001](#))

Performance Trust Capital Partners, LLC ([CRD #36155](#), Chicago, Illinois)

March 16, 2022 – An AWC was issued in which the firm was censured and fined \$115,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it violated its Trade Reporting and Compliance Engine (TRACE) reporting obligations by failing to report TRACE-eligible security transactions to TRACE within the 15-minute timeframe required by FINRA and without any applicable exception. The findings stated that the firm failed to establish and maintain a supervisory system reasonably designed to achieve compliance regarding timely TRACE reporting. The firm tracked its late reporting to TRACE and imposed small fines and penalties on staff involved in late reporting. However, the firm did not remediate its ongoing late TRACE reporting effectively. The firm failed to reasonably train its supervisors regarding their responsibilities to conduct oversight and follow-up with staff regarding TRACE reporting and failed to reasonably train its staff regarding their obligation to timely report trades to TRACE. The firm's system of fines and penalties for late reporting was ineffective because it did not deter non-compliance and was inconsistently applied. In addition, the firm failed to allocate sufficient compliance department and administrative staff resources needed to reasonably monitor, surveil and follow up on late reporting, given the firm's trading volume, which contributed to the firm's late TRACE reporting. ([FINRA Case #2019063924601](#))

Geneos Wealth Management, Inc. ([CRD #120894](#), Centennial, Colorado)

March 18, 2022 – An AWC was issued in which the firm was censured, fined \$150,000, ordered to pay \$250,710.41, plus interest, in restitution to certain customers who purchased an alternative mutual fund, and required to establish and implement policies, procedures, and internal controls reasonably designed to address and remediate the issues pertaining to alternative mutual funds identified in the AWC.

Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to reasonably supervise its registered representatives' recommendations of an alternative mutual fund. The findings stated that the firm did not have a reasonably designed supervisory system with respect to the approval and recommendation of alternative mutual funds. The firm had no system or procedures to determine whether a new mutual fund constituted a complex product or was an alternative mutual fund, such that heightened due diligence of the product may be appropriate. Rather, in reviewing and approving new alternative mutual funds, the firm subjected them to the same standards as traditional mutual funds, which did not evaluate the potential risks and rewards associated with the strategy of the funds. In addition, the firm did not have any WSPs advising firm principals how to supervise recommendations of alternative mutual funds. Furthermore, the firm utilized an electronic trade review system to assist with the supervision of the trading activity of the firm's financial professionals. However, the system was not modified to account for risk factors associated with alternative mutual funds that would warrant heightened principal review. As a result, certain of the firm's alternative mutual fund transactions may not have been identified for additional suitability review, even for customers with low risk tolerances. The findings also stated that the firm negligently omitted to tell investors material information concerning an offering of limited partnership interests in an entity. The firm made at least three sales of the limited partnership interests totaling \$165,000 and earned a total of \$11,550 in commissions from the sales. However, in connection with the sales the firm representatives did not inform the customers that the issuer failed to timely make required filings with the Securities and Exchange Commission (SEC), including filing audited financial statements. The firm voluntarily offered to purchase the limited partnership interests held by the three customers at issue in this AWC and those offers were accepted. For that reason, this AWC does not contain any order of restitution relating to the firm's sales. ([FINRA Case #2019061764701](#))

Dempsey Lord Smith, LLC ([CRD #141238](#), Rome, Georgia)

March 21, 2022 – An AWC was issued in which the firm was censured, fined \$70,000, and ordered to pay \$29,840, plus interest, in partial restitution to customers. The amount of restitution being paid to customers is equal to the commissions the customers paid in connection with their investments. Three of the customers at issue in this AWC will not receive partial restitution because they previously settled their claims with the firm. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it sold limited partnership interests in a company without informing the customers that the issuer had not timely filed its audited financial statements with the SEC or the reasons for the delay. The findings stated that this was material information that should have been disclosed. The firm's sales of the limited partnership interests in the company totaled \$323,000, and the

firm received a total of \$25,840 in commissions from the sales. The findings also stated that firm registered representatives recommended and sold securities for the issuer that were unsuitable in light of the customers' investment profiles. All of the sales were reviewed and approved by firm principals and the firm received a total of \$24,000 in commissions from the sales. ([FINRA Case #2019061213901](#))

BD4RIA, Inc. (CRD #290240, Fort Worth, Texas)

March 22, 2022- An AWC was issued in which the firm was censured, fined \$45,000, and ordered to pay partial restitution of \$40,000, plus interest. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it negligently omitted to tell seven investors in an offering that the issuer failed to timely make required filings with the SEC, including filing audited financial statements, and/or the reasons why the filings were not timely made. The findings stated that while the firm learned of the delays and the issuer's stated intention to complete a forensic audit, it sold seven limited partnership interests totaling \$500,000. The firm received a total of \$40,000 in commissions from these seven sales. The firm's representatives told only one of the seven customers that the issuer had not timely filed its audited financial statements with the SEC and did not tell any of the customers the reasons for the delay. The delay in filing audited financial statements and the reasons for it was material information that should have been disclosed. ([FINRA Case #2019061596401](#))

Natixis Securities Americas LLC (CRD #1101, New York, New York)

March 22, 2022 – An AWC was issued in which the firm was censured and fined \$400,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to report short interest positions. The findings stated that the firm set up trading accounts for its parent company, however the firm's legacy systems were not updated to capture the accounts in its short interest reports. As a result, the firm did not report any short interest positions in the accounts over more than six years. Subsequently, the firm implemented a technology solution to include all relevant accounts for short interest reporting. The findings also stated that the firm failed to establish and maintain a supervisory system, including written procedures, reasonably designed to achieve compliance with short interest reporting requirements. The firm's supervisory system and written procedures were solely operational. The firm's procedures listed the steps personnel were to follow to transmit the short interest report every two weeks but required no supervisory review to determine the accuracy of the reports. As a result, the firm failed to detect the unreported positions until the issue was identified during a compliance review by an outside consultant. Ultimately, the firm implemented a supervisory review and related written procedures outlining the steps supervisors are required to take to review the accuracy of the firm's short interest reports. ([FINRA Case #2019063203501](#))

WR Securities, LLC dba Wolfe Research Securities ([CRD #151850](#), New York, New York)

March 23, 2022 – An AWC was issued in which the firm was censured and fined \$100,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it overstated its advertised daily trading volume on a private subscription-based provider of market data. The findings stated that the firm's overstatements resulted from a flaw in the advertising logic of its third-party order management system (OMS). The firm relied on its OMS to automatically report its executed order flow to the private market data provider on the firm's behalf. In certain circumstances, when calculating trading volume for advertising purposes, the firm's OMS incorrectly summed multiple fills for the same order, resulting in significant over-advertising of trading volume. As a result of this flaw persisting for more than a three-year period, the firm overstated its advertised trading volume through the private market data provider by 90,446,177 shares. The findings also stated that the firm's supervisory system, including its WSPs, was not reasonably designed to achieve compliance with FINRA Rule 5210, which governs the accuracy of advertised trading volume. The firm did not have any procedures relating to how its trading volume should be collected and submitted to market data providers, or to how the firm should monitor its advertised trading volumes to ensure they were accurate. Likewise, the firm did not have any supervisory system to ensure the accuracy of its advertised trading volumes. The firm's OMS generated a daily list of securities traded, total shares traded, and the number of shares advertised via the private market data provider. However, the firm failed to review the report for the purpose of identifying instances of over-advertisement, and therefore, failed to identify the instances that it overstated its advertised trading volume. ([FINRA Case #2020067770401](#))

Individuals Barred

Dan Edward Droeg ([CRD #1509210](#), Chandler, Arizona)

March 3, 2022 – An AWC was issued in which Droeg was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Droeg consented to the sanction and to the entry of findings that he converted assets of a trust by using his authority as trustee to surrender a variable annuity owned by the trust and then transferring over \$878,000 from the trust's bank account to his own bank accounts, a portion of which he distributed to the trust's beneficiaries and withdrew the remainder for personal use. The findings stated that the trust was created by its two beneficiaries, a senior, married couple with no familial relationship to Droeg. In accordance with the trust documents, Droeg had authority to invest the trust's assets and to establish and control bank accounts in the trust's name. ([FINRA Case #2021072636101](#))

Lauren Nicole Scheible (CRD #6952986, Homestead, Pennsylvania)

March 3, 2022 – An Office of Hearing Officers (OHO) decision became final in which Scheible was barred from association with any FINRA member in all capacities. The sanction was based on findings that Scheible failed to comply with FINRA's requests for information and documents and failed to provide on-the-record testimony during an investigation. The findings stated that FINRA initiated the investigation after receiving two incident reports from a test administrator alleging that Scheible violated FINRA's Qualification Examinations Rules of Conduct by removing scratch paper from the exam room and accessing unauthorized materials while taking the Securities Industry Essentials (SIE) examination. The information, documents, and testimony FINRA sought regarding Scheible's potential cheating on the SIE exam were material to its investigation and her failure to comply with FINRA's requests impeded its investigation into potentially serious misconduct. ([FINRA Case #2021069496201](#))

Sevaag Matossian (CRD #6536241, Pasadena, California)

March 11, 2022 – An AWC was issued in which Matossian was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Matossian consented to the sanction and to the entry of findings that he converted \$2,639.64 of his employer's funds. The findings stated that while Matossian was employed by his member firm's affiliate bank, he and his wife used personal bank credit cards in his name to make purchases at retailers and restaurants. Despite the fact that each transaction was authorized, Matossian claimed he was not responsible for paying the charges and falsely reported the charges as fraudulent to the bank, claiming that certain cards were lost, or not yet received and other charges were not made by him or his wife. ([FINRA Case #2021071593301](#))

Kajie McMullen (CRD #7052045, Chicago, Illinois)

March 11, 2022 – An Order Accepting Offer of Settlement was issued in which McMullen was barred from association with any FINRA member in all capacities. Without admitting or denying the allegations, McMullen consented to the sanction and to the entry of findings that she failed to provide a complete response to FINRA's requests for information and documents in connection with its investigation into the circumstances of her termination from her member firm. The findings stated that the requested information and documents were necessary to determine whether McMullen improperly applied for and used Small Business Association grants and whether she failed to disclose her OBAs to her firm. McMullen initially called FINRA and confirmed receipt of its request. Among other things, McMullen stated that she did not have copies of some of the requested documents, including the applications she submitted to the Small Business Administration. FINRA suggested how McMullen

could obtain copies of those documents. Subsequently, McMullen, through counsel, provided FINRA a partial response to the requests. That response was incomplete because McMullen failed to provide some of the information and documents that the requests sought, including the Small Business Association applications, bank records, and tax returns. McMullen also did not describe any efforts to obtain the Small Business Association applications. ([FINRA Case #2020068502202](#))

Garrett Caplin ([CRD #5968832](#), New York, New York)

March 15, 2022 – An AWC was issued in which Caplin was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Caplin consented to the sanction and to the entry of findings that he failed to produce information and documents requested by FINRA in connection with an investigation into the circumstances giving rise to two Uniform Termination Notice for Securities Industry Registration (Form U5) amendments filed by his former member firm. The findings stated that the firm initially filed a Form U5 amendment disclosing that Caplin was under internal review concerning his due diligence efforts with respect to opening a customer account. Subsequently, the firm filed another Form U5 amendment indicating the internal review of Caplin was concluded and finding that suspicious aspects of a note issuer were not escalated to the firm prior to bonds being transferred to it, and that his diligence of end customer was not complete prior to the account opening and the receipt of the bonds. ([FINRA Case #2021070745701](#))

Paul Ronald Koch ([CRD #1777599](#), Plymouth, Minnesota)

March 16, 2022 – An AWC was issued in which Koch was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Koch consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with its investigation into an amended Form U5 filed by his member firm. The findings stated that the Form U5 disclosed allegations that Koch recommended risky and unsuitable investments in various outside business ventures where his wife was a partial owner, and that Koch and his wife diverted funds from the outside investments and accounts for their personal gain. Although Koch initially cooperated with FINRA's investigation, he ceased doing so. ([FINRA Case #2019062621801](#))

Craig Stanton Norton ([CRD #349405](#), Highlands Ranch, Colorado)

March 21, 2022 – An OHO decision became final in which Norton was barred from association with any FINRA member in all capacities and ordered to pay disgorgement in the amount of \$240,360, plus prejudgment interest. The sanctions were based on the findings that Norton willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and FINRA Rules

2020 and 2010 by manipulating the price of an over-the-counter (OTC) microcap security issued by a company. The findings stated that Norton bought 250 shares of the company for his member firm's proprietary account at \$5 per share, setting in motion the manipulation. Norton's purchase set an artificially high closing price for the company's stock on the day of that trade. This price helped release millions of the company's shares held by Norton's customers from resale restrictions imposed by an agreement they had with the issuer. Over the next few months, during a stock promotion paid for by one of his customers, Norton used his role as a company market maker to coordinate trading in the stock between and amongst his customers. Norton's trading helped create the false appearance of active trading at steadily increasing prices. By engaging in this conduct, Norton enabled his customers to liquidate their company stock at artificially inflated prices. As a result of the manipulative trading, firm customers sold around \$13.2 million shares of the company, generating about \$8.5 million in net trading proceeds. From the trading, Norton and the firm generated \$400,600 in trading compensation and Norton received around 60 percent of the revenue he generated from the trading. The findings also stated that despite being aware of many red flags, Norton failed to raise concerns about his customers engaging in a manipulative trading scheme to his firm. Norton knew that his customers had all acquired their shares on the same terms, price, and under nearly identical stock purchase agreements. Norton also knew that the shares were deposited at the firm at or about the same time. Nonetheless, Norton failed to raise these concerns with anyone at the firm, nor did he ask any of his customers about these similarities. Instead, Norton chose to rely merely on his customers' representations on stock deposit forms that they were not acting in concert. ([FINRA Case #2016048837401](#))

Marc Augustus Reda (CRD #2757330, New York, New York)

March 21, 2022 – An Order Accepting Offer of Settlement was issued in which Reda was barred from association with any FINRA member in all capacities. Without admitting or denying the allegations, Reda consented to the sanction and to the entry of findings that he willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and violated FINRA Rule 2020 by churning customer accounts that he exercised *de facto* control over. The findings stated that Reda made the trading decisions for the customers' accounts, including which securities to trade, the volume, and the timing of when to buy or sell. The customers relied on Reda to make securities recommendations and consistently followed his recommendations. Reda also exercised control in instances when he made unauthorized transactions in customer accounts. The findings also stated that Reda recommended securities transactions in his customers' accounts that were excessive and quantitatively unsuitable for each of the customers in light of their investment profiles. In excessively trading these accounts, Reda maximized his own financial benefit at

the expense of his customers, generating costs of \$264,734 and causing realized losses of \$232,043 on accounts with an aggregate average monthly account value of \$262,234. The findings also included that Reda recommended his costly active trading strategy to his customers without understanding the potential risks and rewards. Reda failed to consider the effect of the strategy's costs on his customers' ability to generate a profit and did not conduct any research or analysis, or seek any guidance, on whether his strategy could be profitable given the cumulative costs incurred through the implementation of his strategy. Reda did not understand what cost-to-equity ratios and turnover rates were and consequently failed to consider and calculate these metrics when recommending and executing his active trading investment strategy in his customers' accounts. Reda had no reasonable basis to believe that the investment strategy he recommended to his customers was suitable. FINRA found that Reda had an obligation to know his customers prior to recommending a securities transaction or strategy to them. However, Reda recommended both a speculative investment strategy and, to implement that strategy, recommended speculative securities transactions to customers without a reasonable basis to believe the recommended strategy and individual securities transactions were suitable for those customers based on their investment profiles, including their investment objectives. FINRA also found that Reda executed transactions in non-discretionary accounts of customers without the customers' prior authorization or consent. In addition, FINRA found that the commissions Reda charged were excessive, unfair, and unreasonable taking into consideration all relevant circumstances, including that Reda did not disclose to his customers, prior to effecting the transactions, that he would charge such high commissions. Reda also intentionally circumvented his member firm's supervisory procedures in order to charge commissions well in excess of five percent on the proceeds transactions. Moreover, FINRA found that Reda willfully failed timely disclose eight customer complaints alleging sales practice violations and willfully failed to amend his Uniform Application for Securities Industry Registration or Transfer (Form U4) to disclose an unsatisfied tax lien and an unsatisfied tax warrant, totaling \$225,929.49. ([FINRA Case #2019063526901](#))

David Michael Stevens ([CRD #2830472](#), San Diego, California)

March 21, 2022 – An AWC was issued in which Stevens was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Stevens consented to the sanction and to the entry of findings that he forged the signature of an estate attorney and an accountant without their authorization or consent. The findings stated that Stevens submitted multiple life insurance applications for a customer, worth \$23,950,000, and submitted applications for multiple loans on the policies, totaling approximately \$1,000,000. When questioned by his member firm about the customer's policies and loans, Stevens submitted

two letters regarding the customer's reasons for taking out the policies and loans, one purportedly from the customer's estate attorney and the other purportedly from the customer's accountant. Neither letter was genuine, but rather, Stevens created and falsified both letters prior to submitting them to the firm. ([FINRA Case #2020068606301](#))

Michael Joseph Giannetti ([CRD #5086716](#), Grapevine, Texas)

March 22, 2022 – An AWC was issued in which Giannetti was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Giannetti consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with an investigation concerning his potential participation in undisclosed OBAs while associated with his member firm. ([FINRA Case #2021071546601](#))

David Robert McDonnell ([CRD #1757401](#), San Juan Capistrano, California)

March 22, 2022 – An AWC was issued in which McDonnell was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, McDonnell consented to the sanction and to the entry of findings that he refused to provide documents and information requested by FINRA in connection with an investigation into the circumstances giving rise to McDonnell's termination from his member firm. The findings stated that the firm filed a Form U5 stating that it had terminated McDonnell's employment because he had participated in a private securities transaction by issuing promissory notes and conducted an OBA by serving as a trustee of a trust. ([FINRA Case #2022073798801](#))

Jeffrey Karakatsanis ([CRD #6911899](#), Whitestone, New York)

March 25, 2022 – An AWC was issued in which Karakatsanis was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Karakatsanis consented to the sanction and to the entry of findings that he engaged in conversion and improper use of funds. The findings stated that Karakatsanis, without authorization, reversed fees totaling \$2,663 charged to his own bank account, and fees totaling \$170.24 charged to his friend's bank account, held at his member firm's bank affiliate. When Karakatsanis reversed these fees, the bank had already deducted funds from the accounts to pay the fees. Karakatsanis used the computer of another bank employee to reverse the fees without that employee's knowledge or consent. By reversing the fees, Karakatsanis caused \$2,663 of the bank's funds to be transferred to his own bank account and \$170.24 of the bank's funds to be transferred to his friend's bank account. Neither Karakatsanis nor his friend owned or were entitled to possess the funds they received as a result of the fee reversals, and neither returned the funds to the bank. ([FINRA Case #2021072686001](#))

Jason Andrew Wilk ([CRD #6072438](#), Staten Island, New York)

March 31, 2022 – An OHO decision became final in which Wilk was barred from association with any FINRA member in all capacities. The sanction was based on the findings that Wilk failed to appear for on-the-record testimony in connection with FINRA's investigation into whether he excessively traded a customer's account. The findings stated that Wilk's trading in the account resulted in a high cost-to-equity ratio and a turnover rate that indicated excessive trading had occurred and the information sought by FINRA was material to its investigation and necessary to complete its mandate to fully investigate potential rule violations and to protect the investing public. ([FINRA Case #2019060753502](#))

Individuals Suspended

Jayanth Hebbar ([CRD #5244889](#), Bridgewater, New Jersey)

March 1, 2022 – An AWC was issued in which Hebbar was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for six months. Without admitting or denying the findings, Hebbar consented to the sanctions and to the entry of findings that he did not obtain his member firm's prior written consent before opening, or continuing to maintain, outside brokerage accounts in which securities transactions could be effected and in which he had a beneficial interest. The findings stated that prior to his association with the firm, Hebbar had opened or otherwise established nine outside brokerage accounts. Hebbar disclosed one of those nine accounts on the firm's New Hire Compliance Questionnaire. However, Hebbar did not obtain the firm's written consent to maintain the remaining eight of those accounts within 30 days of becoming associated with the firm or at any other time. Hebbar also opened three outside brokerage accounts after his association with the firm without obtaining its prior written consent to open the accounts. On account opening forms for one of the accounts, Hebbar misrepresented his employer and occupation and failed to disclose his association with the firm. In addition, for 10 of the 11 undisclosed outside brokerage accounts, Hebbar did not notify in writing the financial institutions at which he held the accounts that he was associated with the firm. Furthermore, Hebbar executed trades in securities on the firm's Expanded Watch List and in securities on its Restricted List in violation of firm policies. Hebbar further violated the firm's policies by not pre-clearing transactions in the undisclosed outside brokerage accounts and by not adhering to required holding periods. The findings also stated that Hebbar signed and submitted compliance questionnaires in which he improperly attested he had disclosed all outside employee and employee-related accounts. On the questionnaires, Hebbar disclosed one brokerage account held at another FINRA member firm but did not disclose the existence of the other outside brokerage accounts.

The suspension is in effect from March 7, 2022, through September 6, 2022. ([FINRA Case #2021070239501](#))

Michael Walter Mandel ([CRD #4939165](#), Suffern, New York)

March 2, 2022 – An AWC was issued in which Mandel was assessed a deferred fine of \$5,000, suspended from association with any FINRA member in all capacities for seven months, and ordered to pay deferred disgorgement in the amount of \$5,635.35, plus interest. Without admitting or denying the findings, Mandel consented to the sanctions and to the entry of findings that he participated in private securities transactions without providing prior written notice to, or receiving prior approval from, his member firms. The findings stated that Mandel solicited investors, some of whom were firm customers, to invest a total of approximately \$815,000 in a tequila production company. Mandel invited investors to promotional events for the company, introduced them to the company's founder, and provided investors with documents regarding the opportunity to invest. Mandel received \$5,635.35 from the tequila company and expected to receive a portion of the founder's equity in the company. In addition, Mandel falsely stated on one of the firm's annual compliance questionnaires that he had not participated in private securities transactions outside the firm. Subsequently, the founder of the tequila company pled guilty to charges that he made false and misleading statements to investors in the company and misused investor funds. In addition, the SEC filed a complaint in the U.S. District Court for the Southern District of New York against the founder, alleging that he made material misrepresentations to investors in the tequila company and misappropriated investors' funds for personal use. The U.S. District Court issued a judgment against the founder and enjoined him from further violations of the securities laws.

The suspension is in effect from March 7, 2022, through October 6, 2022. ([FINRA Case #2021070900301](#))

Jazmin Gabriela Carpenter ([CRD #2696872](#), Los Angeles, California)

March 7, 2022 – An AWC was issued in which Carpenter was fined \$2,500 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Carpenter consented to the sanctions and to the entry of findings that she caused her member firm to maintain inaccurate books and records by changing the representative code for trades, resulting in the trade confirmations showing an inaccurate representative code. The findings stated that Carpenter had entered into an agreement through which she agreed to service certain customer accounts, including executing trades for those accounts, under joint representative codes that she shared with a retired representative, who was a close personal friend. Prior to Carpenter changing the codes on the trades, she discussed doing so with the retired representative, who agreed that Carpenter could do so. Carpenter's actions resulted in her receiving higher commissions from the trades than what she was entitled to receive pursuant to the agreement. Subsequently, the firm reimbursed the retired representative.

The suspension was in effect from April 4, 2022, through April 15, 2022. ([FINRA Case #2020068936501](#))

Bentley Edward Blackmon ([CRD #2627221](#), Little Rock, Arkansas)

March 14, 2022 – An AWC was issued in which Blackmon was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Blackmon consented to the sanctions and to the entry of findings that he participated in private securities transactions without providing prior written notice to his member firm. The findings stated that Blackmon introduced a customer of the firm to the issuer of a private placement offering and informed the customer that he intended to invest in the offering himself. Blackmon also participated in a telephone conference with the customer and the issuer about the offering. Blackmon coordinated a wire transfer payment from the customer's account at the firm to facilitate the customer's initial investment of \$195,000 in the offering. Later, after making an investment for himself, Blackmon disclosed his own investment in the offering to the firm. However, Blackmon did not disclose to the firm that he had also participated in the customer's investment. Subsequently, Blackmon facilitated two additional wire transfer payments from the customer's account at the firm for the customer's additional investments in the offering, totaling approximately \$250,000. Blackmon did not receive any commissions from the sale of the securities.

The suspension is in effect from March 21, 2022, through June 20, 2022. ([FINRA Case #2020068226001](#))

Michael Campopiano ([CRD #4357852](#), La Verne, California)

March 15, 2022 – An AWC was issued in which Campopiano was fined \$2,500 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Campopiano consented to the sanctions and to the entry of findings that he caused trade confirmations to show an inaccurate representative code by changing the representative code for trades. The findings stated that Campopiano entered into an agreement through which he agreed to service certain customer accounts, including executing trades for those accounts, under a joint representative code that he shared with a retired representative. The agreement set forth what percentages of the commissions each representative would earn on trades placed using the joint representative code. Campopiano placed trades in accounts that were covered by the agreement using different representative codes. Although the firm's system correctly prepopulated the trades with the applicable joint representative code, Campopiano changed the code for the trades to representative codes under which he received a higher commission percentage than he would have received had he used the joint representative code that he shared with the retired representative. Campopiano mistakenly believed that he was permitted to change the code on the trades because his member firm had transferred certain accounts that were subject to the

agreement to other registered representatives of the firm, who were not part of the agreement with the retired representative. As a result, Campopiano caused the firm to maintain inaccurate books and records. The firm has since reimbursed the retired representative.

The suspension was in effect from April 4, 2022, through May 3, 2022. ([FINRA Case #2021072169601](#))

Steven Martin Barnett (CRD #1143510, Jacksonville, Florida)

March 16, 2022 – An AWC was issued in which Barnett was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Barnett consented to the sanctions and to the entry of findings that he mismarked mutual fund order tickets as unsolicited when he had solicited the trades. The findings stated that Barnett marked the order tickets as unsolicited when he made investment recommendations in connection with customers' reallocations of their mutual fund portfolios. Barnett's mismarking of the orders caused his member firm to make and maintain inaccurate books and records.

The suspension was in effect from March 21, 2022, through April 19, 2022. ([FINRA Case #2020066817601](#))

Donovan Thomas Kelly (CRD #2622366, Billings, Montana)

March 16, 2022 – An AWC was issued in which Kelly was fined \$10,000 and suspended from association with any FINRA member in all capacities for seven months. Without admitting or denying the findings, Kelly consented to the sanctions and to the entry of findings that he participated in private securities transactions outside the regular course or scope of his employment without providing prior written notice to his member firm. The findings stated that Kelly recommended investors purchase promissory notes in an oil and gas drilling company, summarizing the investment for the investors, and arranging for some of the investors to fund the purchases through sales and money transfers from their firm accounts. The promissory notes were securities. Collectively, these investors, including himself and other firm customers, invested \$688,000 in the company. Kelly did not receive compensation for the investments. In addition, when asked on annual firm attestation forms whether he had participated in private securities transactions, Kelly answered no.

The suspension is in effect from April 18, 2022, through November 17, 2022. ([FINRA Case #2020067520001](#))

Patrick Joseph O'Neill ([CRD #2615841](#), New Canaan, Connecticut)

March 17, 2022 – An AWC was issued in which O'Neill was fined \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, O'Neill consented to the sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose a felony charge. The findings stated that O'Neill was charged with two counts of risk of injury to a child. At the time the charges were filed, O'Neill was aware of the felony charges and was required to amend his Form U4 within 30 days to disclose the charges. However, O'Neil did not disclose the felony charges until over six months after being charged.

The suspension is in effect from April 18, 2022, through July 17, 2022. ([FINRA Case #2021071199401](#))

Michael Joseph Muratore ([CRD #4852412](#), Eastchester, New York)

March 18, 2022 – An AWC was issued in which Muratore was fined \$25,000 and suspended from association with any FINRA member in all capacities for two years. Without admitting or denying the findings, Muratore consented to the sanctions and to the entry of findings that he forged the signature and initials of a customer without the customer's prior knowledge or authorization on documents in connection with the surrender of three annuities owned by the customer and the purchase of a new variable annuity for the customer. The findings stated that Muratore also falsified the customer's account record by changing the date on a document so that it appeared to show that he and the customer had signed the document one month after they actually signed it. By forging and falsifying documents, Muratore caused his member firm to maintain inaccurate books and records. The findings also stated that Muratore circumvented the firm's procedures in becoming a beneficiary of another customer's account. The customer, who was not related to Muratore, named him as a 50 percent beneficiary of a new Transfer on Death account that the customer opened at the firm for which Muratore was broker of record. Despite being aware of the firm's procedures and that the customer had designated him as a beneficiary, Muratore did not disclose to the firm his designation as the customer's beneficiary. Subsequently, the customer changed the beneficiary to a relative and removed Muratore as a beneficiary. The findings also included that Muratore impersonated a different customer during telephone calls with an insurance company in an attempt to advance the process for surrendering an annuity that the customer held with the insurance company to fund the purchase of securities at the firm through Muratore. The customer eventually surrendered the annuity and deposited the proceeds in an account at the firm.

The suspension is in effect from April 18, 2022, through April 17, 2024. ([FINRA Case #2019063662701](#))

Andrew Benjamin Edenbaum ([CRD #3040543](#), Boca Raton, Florida)

March 21, 2022 – An AWC was issued in which Edenbaum was fined \$10,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Edenbaum consented to the sanctions and to the entry of findings that he participated in a private securities transaction without providing prior written notice to his member firm. The findings stated that Edenbaum participated in the sale of a variable annuity to an individual who was not a customer of the firm, after the individual was referred to him for investment advice. The individual invested a total of \$150,000 in the variable annuity, through another broker-dealer with which Edenbaum was not associated. Edenbaum, who did not have the insurance license required to sell a variable annuity during this period, participated in the transaction by obtaining a variable annuity application from a registered representative of the other broker-dealer and helping the investor to complete it. In addition, Edenbaum advised the investor about how to allocate her investment among various indices. Edenbaum also delivered the investor's application to the registered representative of the other broker-dealer, provided the investor with instructions for wiring the funds for the investment to the annuity company, and identified himself to the investor as the person to whom the investor should direct any questions about the investment. Edenbaum did not receive any compensation for participating in the transaction.

The suspension is in effect from April 18, 2022, through July 17, 2022. ([FINRA Case #2020067007401](#))

Arkady Ginsburg ([CRD #5256747](#), Valley Stream, New York)

March 23, 2022 – An AWC was issued in which Ginsburg was suspended from association with any FINRA member in all capacities for six months and ordered to pay \$113,591 in partial restitution to customers. In light of Ginsburg's financial status, no monetary fine or prejudgment interest has been imposed. Without admitting or denying the findings, Ginsburg consented to the sanctions and to the entry of findings that he engaged in excessive and unsuitable trading in customer accounts. The findings stated that Ginsburg controlled the volume and frequency of trading in the accounts and therefore exercised *de facto* control over the customers' accounts because he recommended the trading in the customers' accounts and the customers routinely followed his recommendations. Ginsburg's trading in the customer accounts generated high cost-to-equity ratios and turnover rates, as well as significant losses and trading costs. As a result, the customers suffered market losses totaling \$686,640.39, while Ginsburg earned a total of \$113,591 in commissions.

The suspension is in effect from April 18, 2022, through October 17, 2022. ([FINRA Case #2019064898601](#))

Eric Edward Nicolassy ([CRD #6244539](#), Staten Island, New York)

March 24, 2022 – An AWC was issued in which Nicolassy was suspended from association with any FINRA member in all capacities for four months and ordered to pay \$32,134.09 in partial restitution to customers. In light of Nicolassy's financial status, no monetary fine has been imposed. Without admitting or denying the findings, Nicolassy consented to the sanctions and to the entry of findings that he excessively and unsuitably traded a senior customer's account. The findings stated that although the customer's account had an average month-end equity of \$106,293, Nicolassy executed purchases with a total principal value of \$5,138,740. Collectively, the trades Nicolassy executed caused the customer to pay \$71,409.09 in commissions and \$10,410 in trade costs and margin interest, which resulted in an annualized cost-to-equity ratio in excess of 76 percent – meaning the customer's account would have to grow by more than 76 percent annually just to break even. As a result, the customer suffered more than \$125,000 in losses. The findings also stated that Nicolassy exercised discretion in customer accounts without having obtained prior written authorization from the customers.

The suspension is in effect from April 18, 2022, through August 17, 2022. ([FINRA Case #2019063382401](#))

Jonathan Michael Turner ([CRD #4853469](#), Naples, Florida)

March 24, 2022 – An AWC was issued in which Turner was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Turner consented to the sanctions and to the entry of findings that he participated in private securities transactions without providing prior written notice to his member firm. The findings stated that Turner accepted a position as chief investment officer for a credit card processing service company. In this role, Turner was responsible for, among other things, creating new investment vehicles and raising investor capital. Turner directed two firm customers to the company's website, recommended they invest, and supplied them with certain forms needed to purchase the company's securities. One customer invested \$100,000 and funded the investment with cash from a personal bank account. The other customer invested \$100,000, using the proceeds of stock liquidations Turner facilitated from an account at the firm. Turner received no commissions or other compensation regarding these transactions. In addition, Turner incorrectly certified in the firm's annual compliance attestation that he had not engaged in any private securities transactions that were not previously cleared by the firm.

The suspension is in effect from April 4, 2022, through July 3, 2022. ([FINRA Case #2020068322501](#))

Michael McDermott Sr. ([CRD #2745406](#), Mobile, Alabama)

March 28, 2022 – An AWC was issued in which McDermott was suspended from association with any FINRA member in all capacities for three months. In light of McDermott's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, McDermott consented to the sanction and to the entry of findings that he traded without authorization in the account of a customer of his member firm, both before and after the customer's death. The findings stated that McDermott placed a trade in his customer's account without first obtaining the customer's authorization. The account was fee-based and thus McDermott earned no commission. Later, unaware that the customer had died, McDermott placed multiple stop loss orders in the customer's account, several of which were later cancelled and others which were later executed. The findings also stated that McDermott entered a note in his firm's electronic customer note system falsely indicating that he had spoken with the customer in connection with the stop loss orders. This was not possible as the customer had died prior to McDermott placing the stop loss orders. After learning of the customer's death, McDermott edited the original note to inaccurately state that he had spoken with the customer prior to the customer's death. As a result, McDermott caused the firm to maintain inaccurate books and records.

The suspension is in effect from April 4, 2022, through July 3, 2022. ([FINRA Case #2020066298801](#))

Scott Neil Hananel ([CRD #3080827](#), Long Beach, New York)

March 29, 2022 – An AWC was issued in which Hananel was assessed a deferred fine of \$7,500 and suspended from association with any FINRA member in all capacities for 15 months. Without admitting or denying the findings, Hananel consented to the sanctions and to the entry of findings that he engaged in excessive and unsuitable trading in customer accounts. The findings stated that Hananel exercised *de facto* control over his customers' accounts because he decided which stocks to trade and when to trade them, exercised discretionary authority in connection with some of the trades in the accounts, and he controlled the volume and frequency of trading in the accounts. Hananel's short term trading in the customers' accounts generated significant losses and trading costs in the form of commissions, markups and markdowns. In total, the customers, some of whom were senior citizens, paid commissions and trading costs of \$1,473,118 and incurred losses of \$2,103,176. The findings also stated that Hananel exercised discretionary trading authority in customer accounts without having obtained prior written authorization from the customers or approval from his member firm to treat the accounts as discretionary.

The suspension is in effect from April 4, 2022, through July 3, 2023. ([FINRA Case #2021070337101](#))

Matthew Allen Trueg ([CRD #6790614](#), Cedar Falls, Iowa)

March 31, 2022 – An AWC was issued in which Trueg was fined \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Trueg consented to the sanctions and to the entry of findings that he affixed customer signatures on account forms. The findings stated that in each instance, Trueg copied the customer's signature from an older form the customer previously signed and pasted it onto a form that required an updated customer signature. Trueg then submitted the altered forms to his member firm to complete transactions the customers requested. There is no indication that Trueg affixed the signatures to the account forms without his customers' consent. Each customer later re-signed the documents. In addition, some of the account documents were new account agreements and authorizations, which were firm records. By engaging in this conduct, Trueg caused the firm to maintain inaccurate books and records.

The suspension is in effect from April 4, 2022, through June 3, 2022. ([FINRA Case #2021072361901](#))

Jeffrey Paul Weiner ([CRD #2476604](#), Mahopac, New York)

March 31, 2022 – An AWC was issued in which Weiner was fined \$5,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Weiner consented to the sanctions and to the entry of findings that he impersonated nine customers of his former member firm, during telephone calls to the firm's insurance affiliate to obtain information about the customers' existing variable life insurance policies. The findings stated that Weiner impersonated the customers to facilitate the transfer of their policies from his former firm to his new member firm, and ultimately four of them became Weiner's customers at the new firm. Although the nine customers gave Weiner permission to obtain their information from the insurance affiliate, the customers did not authorize Weiner to impersonate them.

The suspension was in effect from April 4, 2022, through May 3, 2022. ([FINRA Case #2021070405001](#))

Complaints Filed

FINRA issued the following complaints. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made, and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding these allegations in the complaint.

Fusion Analytics Securities LLC ([CRD #124245](#), Coral Springs, Florida)

March 7, 2022 – The firm was named a respondent in a FINRA complaint alleging that it willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and violated FINRA Rule 2020 by engaging in securities fraud in connection with its sale of bonds in two private offerings for a company. In the alternative, the firm acted in contravention of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 by making negligent misrepresentations and omissions of material facts. The complaint alleges that at the time the firm agreed to sell the bond offerings, it knew that the SEC issued an order finding that a second company, of which the private offerings company was an affiliate, and an executive of both companies and a promoter of all the relevant offerings ("Promoter 1"), had misled investors about the use of proceeds raised in connection with earlier equity offerings for the second company. The SEC's order found that the second company and Promoter 1 diverted millions of dollars of investor funds from the company to a promoter and his family, who owned and controlled the private offerings company and controlled the second company. The firm's own customers were misled in the prior equity offerings of the second company. Nonetheless, the firm agreed to sell the bond offerings, purportedly to raise money for the building of a power plant. However, in selling the bond offerings the firm intentionally or recklessly made material misrepresentations and omissions and, separately, disseminated documents it knew or was reckless in not knowing contained material misstatements and omissions. The firm disseminated false and misleading statements and made its own misleading statements that failed to disclose the SEC's order and its findings that the second company and Promoter 1 misled investors and misdirected investment proceeds. The firm also disseminated false and misleading statements, and made its own misstatements regarding the risks and anticipated revenue of the project being funded by the offerings, and made false and misleading statements regarding progress of the offering and construction of the power plant that was the subject of the offering. In addition, the firm disseminated materials that failed to disclose that the issuer was in financial distress, was late on interest payments, was in violation of debt covenants, and needed to raise funds to pay interest to prior investors. In total, the firm raised approximately \$1.8 million from customers through the bond offerings, and it generated \$146,000 in commissions. The complaint also alleges that the firm did not have a reasonable basis to believe that the offerings were suitable

for at least some investors because it failed to conduct a reasonable investigation of the offerings prior to recommending them to investors. The firm failed to exercise reasonable diligence despite the existences of numerous red flags. The complaint further alleges that the firm provided false information to FINRA in response to its requests for information concerning the second bond offering. FINRA sent a request to the firm for information seeking copies of private placement memorandums, a purchase and sales blotter, subscription agreements, customer profile information, and other information. The firm responded by providing a sales blotter identifying only one sale of \$80,000 of one private placement offering to one customer. This response was false because the firm had sold at least \$600,000 of the that offering. FINRA later issued a second request for information seeking an update of the firm's initial response, but the firm indicated there was no new information to provide. This response was false because as of the date of the second request, the firm had sold at least \$870,000 of the second bond offering in addition to the investment previously disclosed to FINRA. ([FINRA Case #2018059545604](#))

Stephen Gregory Whitman (CRD #2230369, Chesterfield, Missouri)

March 8, 2022 – Whitman was named a respondent in a FINRA complaint alleging that he failed to provide information and documents requested by FINRA during the course of its investigation into the circumstances of his termination by his member firm and his alleged acceptance of a loan from a customer. ([FINRA Case #2021071227301](#))

Gregory Scott Hanshew (CRD #2624600, Littleton, Colorado)

March 15, 2022 – Hanshew was named a respondent in a FINRA complaint alleging that he failed to provide a complete response to FINRA's requests for information and documents during the course of its investigation into concerns that he was engaged in various sales practice violations involving senior investors, as well as failures to disclose OBAs, and judgments and liens while he was associated with his member firm. The complaint alleges that FINRA requested that Hanshew provide information about his facilitating receipt and/or distribution of funds with various individuals and entities, lending arrangements and communications with investors, OBAs, financial accounts, tax returns, Internet Protocol address(es) and Internet Service Providers, and certain judgments or liens. In a response letter, Hanshew submitted certain information and documents to FINRA, however his response was incomplete. Hanshew has not further responded to FINRA, and as a result, he is currently suspended from associating in any capacity with any FINRA member. ([FINRA Case #2021071060902](#))

John Anthony Orlando (CRD #2002197, Fort Lauderdale, Florida)

March 31, 2022 – Orlando was named a respondent in a FINRA complaint alleging that he willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and violated FINRA Rule 2020 by churning a customer's account. The complaint

alleges that Orlando exercised *de facto* control over the customer's account by controlling the volume and frequency of trading, deciding what securities to buy and sell, the quantities, the price, and when each transaction would occur. The customer relied on Orlando to make securities recommendations and consistently followed his recommendations. Orlando's trading in the customer's account was excessive and quantitatively unsuitable, as evidenced by the annualized turnover rate of 9.65 and cost-to-equity ratio of nearly 74 percent, the size and frequency of the transactions, the transaction costs incurred, and in-and-out trading. Orlando's trading in the customer's account generated more than \$650,000 in commissions and concessions for himself and his member firm and more than \$770,000 in additional costs that was paid to the underwriters of the offerings. The customer experienced approximately \$1,245,000 in losses. The complaint also alleges that Orlando did not have reasonable basis to believe that the transactions and strategy he recommended to the customer were suitable for any customer. Orlando failed to understand or evaluate the fees and costs that his recommendations generated and their effect on the overall profitability of the customer's account. In addition, about half the offerings Orlando recommended included warrants. In those instances, Orlando's strategy included promptly selling the newly purchased shares and holding the warrants. However, prior to recommending the strategy, Orlando failed to conduct due diligence on the companies he was recommending or analyze the likelihood that the warrants would become profitable. The warrants were typically issued by companies that had little revenue and no income and were subject to going concern opinions from their accountants and auditors. Orlando did not consider or understand the potential risks, benefits, and likely performance of the securities and strategies he recommended. The complaint further alleges that Orlando falsely characterized transactions in the customer's account as unsolicited, when, in fact, he solicited the customer to participate in each transaction. As a result, Orlando caused his firm to make and preserve false or inaccurate books and records. In addition, the complaint alleges that Orlando made false statements to his firm on an annual compliance questionnaire about how he communicated with the customer. Orlando denied communicating via text message with clients when, in fact, he had exchanged text messages with the customer that were nearly all related to the customer's account. ([FINRA Case #2019063633301](#))

Francis Joseph Velten Jr. ([CRD #2291911](#), Treasure Island, Florida)

March 31, 2022 – Velten was named a respondent in a FINRA complaint alleging that he failed to respond in any way to FINRA's requests for information in connection with its investigation into an allegation that he churned and flipped his elderly customers' accounts at his member firm, encouraging them to surrender their annuities and sell mutual fund holdings away from the firm and use the proceeds to purchase bonus annuities. The complaint alleges that the customers incurred significant surrender charges while Velten pocketed the commissions. ([FINRA Case #2020066032801](#))

**Firm Cancelled for Failure to Pay
FINRA Dues, Fees and Other Charges
Pursuant to FINRA Rule 9553**

**Growth Capital Services, Inc.
(CRD #124658)**
Claymont, Delaware
(March 14, 2022)

**Individual Revoked for Failure to
Pay Fines and/or Costs Pursuant to
FINRA Rule 8320**

(If the revocation has been rescinded,
the date follows the revocation date.)

**Dexter Sinclair Johnson
(CRD #4374894)**
Mt. Vernon, New York
(November 20, 2008 – March 29, 2022)
FINRA Case #2006005405101

**Individuals Barred for Failure
to Provide Information or Keep
Information Current Pursuant to
FINRA Rule 9552(h)**

(If the bar has been vacated, the date
follows the bar date.)

Maria Elena Acevedo (CRD #6535283)
North Miami, Florida
(March 21, 2022)
FINRA Case #2021070821901

Alicia Chester (CRD #6358215)
Dallas, Texas
(March 14, 2022)
FINRA Case #2020068436501

**Anthony Vincent DiDonna
(CRD #7283414)**
Glen Cove, New York
(March 17, 2022)
FINRA Case #2021071227201

Travis William Eiland (CRD #4127872)
Cove, Texas
(March 3, 2022)
FINRA Case #2021072188601

Jeremy W. Fortner (CRD #4811478)
Beverly Hills, California
(March 3, 2022)
FINRA Case #2021072176101

Marc Frederick Korsch (CRD #5525226)
Sarasota, Florida
(March 4, 2022)
FINRA Case #2020066487801

Scott Harris Levine (CRD #4132765)
Delray Beach, Florida
(March 25, 2022)
FINRA Case #2021071252401

Mario Martinez (CRD #6319799)
New Orleans, Louisiana
(March 14, 2022)
FINRA Case #2020066379502

Jun Ouyang (CRD #6920567)
New York, New York
(March 4, 2022)
FINRA Case #2021071994301

Stephen Wenske (CRD #6804998)
Spring, Texas
(March 31, 2022)
FINRA Case #2021071318901

Individuals Suspended for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(d)	Michael Pau (CRD #3076920) Dix Hills, New York (March 14, 2022) FINRA Case #2021072906501
(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)	Sean Edward Winkler (CRD #7164307) Scottsdale, Arizona (March 28, 2022) FINRA Case #2021072853801
Thomas John Corsaro (CRD #5171122) Bloomfield, New York (March 7, 2022) FINRA Case #2021072152701	Individuals Suspended for Failure to Comply with an Arbitration Award or Related Settlement or an Order of Restitution or Settlement Providing for Restitution Pursuant to FINRA Rule Series 9554
Ryan Patrick Jonathan Darby (CRD #6578759) Boston, Massachusetts (March 14, 2022) FINRA Case #2021071880501	(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)
Hector Mario Flores Jr. (CRD #6637802) Lubbock, Texas (March 7, 2022) FINRA Case #2020069013501	Kevin Charles Harms (CRD #2204523) Rockville Centre, New York (March 11, 2022) FINRA Arbitration Case #18-01055
Teresa Gomez (CRD #6100616) Toms River, New Jersey (March 25, 2022) FINRA Case #2020067624801	David Jeffrey Morris (CRD #2522277) Chicago, Illinois (March 21, 2022) FINRA Arbitration Case #17-00361
Guy B. Kossuth (CRD #2905607) Cranberry Township, Pennsylvania (March 14, 2022) FINRA Case #2021071637101	Aleksandr Osaulenko (CRD #5992623) Staten Island, New York (March 11, 2022) FINRA Arbitration Case #19-00416
Christopher D. McFadden (CRD #4179610) Frisco, Texas (March 21, 2022) FINRA Case #2021072264201	Yousuf Saljooki (CRD #5045123) Melville, New York (March 11, 2022) FINRA Arbitration Case #18-01055
Ann Sharon Montgomery (CRD #4312002) North Aurora, Illinois (March 25, 2022) FINRA Case #2021070787601	

FINRA Fines Deutsche Bank Securities, Inc. \$2 Million For Best Execution Violations

FINRA announced that it has fined [Deutsche Bank Securities, Inc.](#) \$2 million for failing to comply with its obligation to seek best execution for its customers' orders.

"The duty to seek best execution for customer orders is a fundamental obligation of any broker-dealer that buys or sells securities on behalf of customers," said Jessica Hopper, Executive Vice President and Head of FINRA's Department of Enforcement. "We will continue to pursue disciplinary action against firms that fail to use reasonable diligence to execute customer transactions so that the price is as favorable as possible under prevailing market conditions."

FINRA Rule 5310 requires firms to seek the most favorable terms reasonably available for a customer's orders. To meet this obligation, firms must conduct reviews to evaluate the order execution quality their customers receive under the firm's current routing arrangements, as well as the execution quality their customer orders could receive through different routing arrangements. Rule 5310 lists several factors (such as price improvement and speed of execution) that firms should consider when conducting these reviews. Deutsche Bank Securities' reviews did not meet the standards of Rule 5310.

During January 2014-May 2019, the relevant period, Deutsche Bank Securities owned and operated an alternative trading system (ATS) known as SuperX. When routing customer orders to exchanges through its smart order router, the firm routed its customers' marketable orders to SuperX before routing any part of the order to an exchange, unless customers opted out of this routing preference. This preference was known as the "SuperX ping."

The SuperX ping, however, created an inherent delay for orders that were not fully executed in the firm's ATS. This delay subjected orders to potentially lower fill rates. In fact, the firm's best execution committee reviewed reports that showed lower fill rates in SuperX than orders routed to the exchanges. Despite this information, Deutsche Bank Securities did not modify its routing arrangement. In addition, the firm did not reasonably consider how price improvement for SuperX ping orders compared to price improvement opportunities for orders routed directly to exchanges.

Similarly, when routing customers' orders to dark pools, Deutsche Bank Securities routed more orders to SuperX than any other dark pool during some of the period. The firm, however, failed to consider alternate routing arrangements even though, according to the firm's own dark pool ranking model, other dark pools consistently ranked higher than SuperX for execution quality.

In addition, Deutsche Bank Securities' supervisory system was not reasonably designed to achieve compliance with its best execution obligation because the firm failed to reasonably review certain factors set forth in the rule. The firm's supervisory procedures also failed to provide reasonable guidance on how the firm should conduct its reviews or circumstances in which the firm should consider modifying its routing practices.

Deutsche Bank Securities also failed to disclose material aspects of its relationship with the markets to which it routed orders in its quarterly reports filed under Rule 606 of Regulation NMS. The firm's reports contained non-specific disclosures that the firm could receive trading rebates but did not disclose any details regarding the payment, such as amounts per share or per order.

"Best execution of customer orders is one of FINRA's core focus areas, and we closely monitor and review member firms' compliance with this important component of investor protection and market integrity," said Stephanie Dumont, Executive Vice President, Market Regulation and Transparency Services, whose department's referral led to the enforcement action.

FINRA has included best execution as a topic in its 2022 and 2021 Report(s) on FINRA's Examination and Risk Monitoring Program, as well as its 2020 and 2019 Annual Risk Monitoring and Examination Priorities letters.

In settling [this matter](#), Deutsche Bank Securities consented to the entry of FINRA's findings without admitting or denying them.

FINRA Extended Hearing Panel Expels Alpine Securities; Orders Alpine to Pay \$2.3 Million in Restitution to Customers

FINRA announced that a FINRA extended [hearing panel](#) has expelled Salt Lake City-based broker-dealer [Alpine Securities Corp.](#) from FINRA membership, and ordered the firm to pay more than \$2.3 million in restitution to customers for converting and misusing customer funds and securities, engaging in unauthorized trading, charging customers unfair prices in securities transactions and unreasonable fees, and making an unauthorized capital withdrawal.

The hearing panel also issued a permanent cease and desist order; specifically, Alpine Securities was ordered to cease and desist from converting or misusing customer funds or securities. The decision resolves charges brought by FINRA's Department of Enforcement in [August 2019](#).

As noted in the [decision](#), at issue in this case was whether Alpine Securities acted properly in response to the firm's mounting financial challenges. Alpine Securities was one of the largest clearing firms in the United States until 2018. Because of

an increase in clearing-related, compliance and legal expenses, its profits declined precipitously in 2018, making it difficult to continue its retail securities business. As a result, Alpine Securities contended, in August 2018, it advised customers that it would stop carrying retail accounts and impose additional fees, including a \$5,000 monthly account fee, on retail customers who did not close their accounts.

The decision notes that Alpine Securities provided minimal notice to its customers of its change in business plan and additional fees. Furthermore, because of a change in the firm's back-office system, reduced staffing, and an inadequate telephone system, customers encountered difficulties reaching the firm to ask questions. Many customers encountered difficulties logging into their accounts online and were unable to reach Alpine Securities staff to resolve issues.

After a 19-day hearing, the panel found that:

- ▶ Alpine Securities' \$5,000 monthly account fee, 1 percent per day illiquidity and volatility fee, and \$1,500 certificate withdrawal fee were unreasonable and the \$5,000 fee was applied in a discriminatory manner;
- ▶ The firm's appropriation of customer positions valued at \$1,500 or less for one penny per position and 2.5 percent market-making/execution fee resulted in unfair prices and commissions;
- ▶ The firm converted and misused customer funds and securities by removing customer securities it improperly deemed "abandoned" and "worthless" and seizing customer securities to cover debits related to excessive and unreasonable fees;
- ▶ The firm engaged in unauthorized trading by moving customers' securities from customer accounts to firm accounts without customer authorization, purportedly to cover outstanding debits and because the firm improperly identified the securities as "worthless," and by moving customers' securities from customer accounts to the firm's abandoned securities accounts without customer authorization because the firm improperly identified the accounts as "abandoned;" and
- ▶ The firm executed an unauthorized capital withdrawal.

The decision cited multiple examples demonstrating that none of the firm's customers authorized the firm's transfers of their securities or seizures of cash to cover the \$5,000 monthly fee. In one example, the firm charged a \$5,000 monthly account fee on Dec. 31, 2018, and redeemed funds from that customer's linked money market fund on Jan. 2, 2019. To cover the unpaid \$3,396 (for the \$5,000 fee), the firm moved the customer's marketable securities to the liquidate-to-cover-customer-debits account. Moreover, the hearing panel found some customers paid

some or all of the \$5,000 fee because they were forced to do so in order to regain possession of their other holdings, but no customer authorized a removal of funds and securities to cover the unreasonable fee. In most instances, the customers were not even aware of the \$5,000 monthly account fee, let alone that the firm was taking their cash and securities to cover it. The panel decision asserted, "The firm's treatment of its customers demonstrates Alpine Securities' intent."

On April 15, 2022, the firm appealed the extended hearing panel decision to FINRA's National Adjudicatory Council (NAC). The sanctions are not in effect pending the review.